

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3261 - HB 3431

February 19, 2010

SUMMARY OF BILL: Requires the Amusement Device Safety Board to adopt the standards and codes from the latest editions of the American Society of Mechanical Engineers and the American Society of Civil Engineers regarding elevators and other lift devices. Authorizes non-state employees to obtain a license for constructing, servicing, repairing, and performing inspections on elevators.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$1,325,000/Recurring

Increase State Expenditures - \$163,000/One-Time

Decrease State Expenditures – Net Impact – \$1,067,600/Recurring

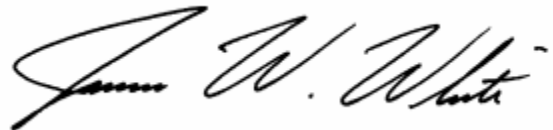
Assumptions:

- According to the Department of Labor and Workforce Development, this bill will authorize the privatization of elevator inspections.
- According to the Department of Labor and Workforce Development, currently 26 state inspectors with the Department of Labor and Workforce Development inspect an average of approximately 12,500 existing elevators twice annually for a fee of \$50 per inspection. Approximately 500 new elevators are inspected each year for a fee of \$150 per inspection.
- Based on information provided by the Department of Labor and Workforce Development, there would be a decrease in recurring state expenditures of approximately \$1,182,600 as a result of the decrease in state positions of 20 inspectors and decreased operating expenditures associated with inspections. The average salary of an inspector is approximately \$32,000 and the average benefits are approximately \$10,880 resulting in a decrease in state expenditures of \$857,600 ($\$42,880 \times 20$). It is estimated that the decrease in other operating costs associated with inspections will be approximately \$325,000.
- Based on information provided by the Department of Labor and Workforce Development, the total decrease in state revenue from the privatization of inspections will be approximately \$1,325,000 ($((12,500 \times 2 \times \$50) + (500 \times \$150))$).

- According to the Department of Labor and Workforce Development, there will be an increase in one-time expenditures of \$163,000 (\$3,000 computer equipment for Compliance Inspector, \$150,000 to adapt computer systems to new requirements, standards, and codes, and \$10,000 for non-alterable identification for licenses).
- An increase in recurring expenditures of \$115,000 for additional staff including one new office personnel position (\$26,500 salary + \$8,500 benefits = \$35,000), one new Compliance Inspector position (\$41,000 salary + \$14,000 benefits = \$55,000), and \$25,000 vehicle and travel expenses for the Compliance Inspector to travel statewide to make spot inspections.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/jaw